

1987 Annual Report

National



Easter



Seal



Society



The Power To Overcome



Mission Statement

In order to promote maximum independence of people with disabilities, the National Office of the Easter Seal Society develops and licenses territories nationwide; protects and enhances the Easter Seal image; assures effective and efficient Easter Seal affiliate operations through direct assistance, maintenance of standards, fund-raising activities, human resources support, and training; provides and supports direct services when appropriate; and conducts national activities such as advocacy, public education, public relations, programs, government relations, research, and resource development.

Credits

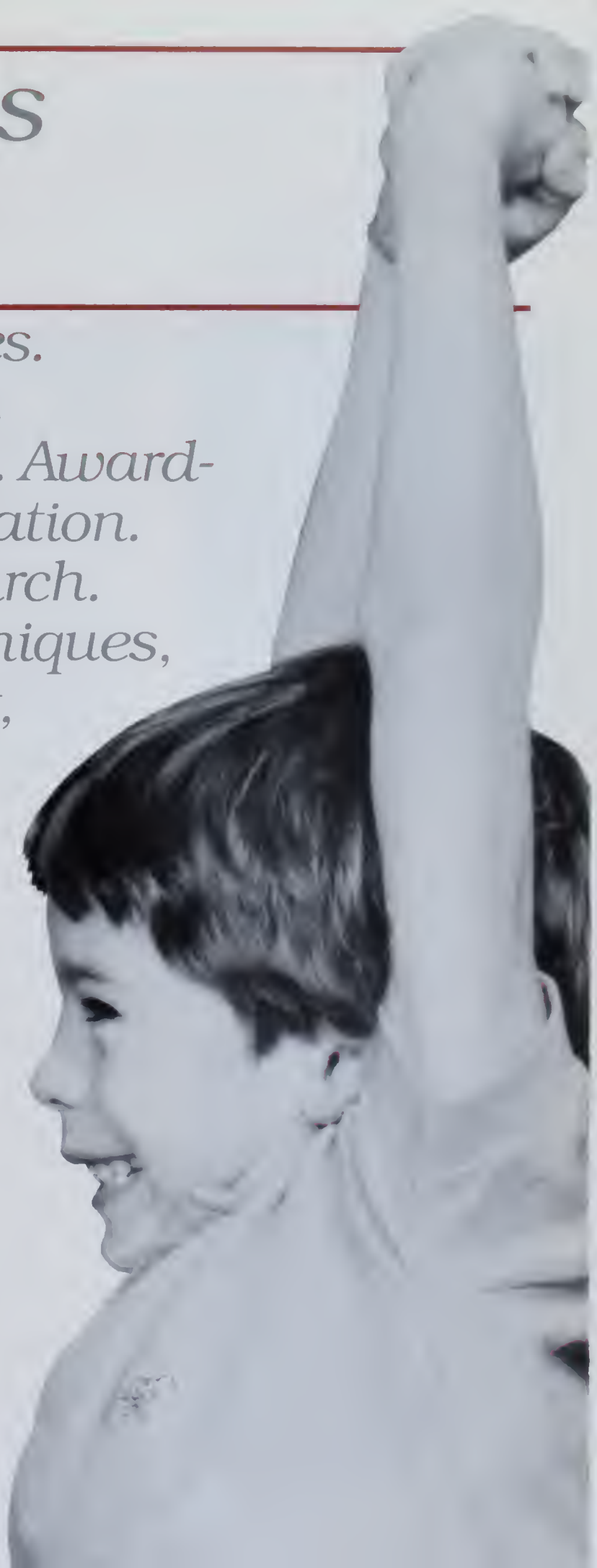
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Utah Easter Seal Society, Salt Lake City, Utah (photo courtesy of the Salt Lake City DESERET NEWS), cover, p. 6
Easter Seal Society of Wisconsin, Inc., Madison, Wisconsin, cover
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The Power of --- Easter Seals

Quality direct services.
Preventive screening.
Aggressive advocacy. Award-winning public education.
Result-oriented research.
Plus innovative techniques, skilled management, acknowledged leadership, and a commitment to constant improvement. These are the components of a unique multi-faceted approach that combine to provide *the power of Easter Seals.*



The Power of Easter Seals

Easter Seal affiliates across the country put the collective power of Easter Seals to use every day of the year to serve persons with disabilities and their families. It's what we've been doing—and doing more of than any other organization anywhere else in the world—for the past 68 years.

The National Easter Seal Society is the world's oldest and largest not-for-profit organization providing direct services to people with disabilities. Founded in 1919, the Society is universally recognized as the organization that pioneered identifying the needs of people with disabilities and providing rehabilitation services to meet those needs.

Easter Seals is a nationwide network of separately incorporated affiliates united in the common mission of promoting the maximum independence of persons with disabilities.

Approximately 200 state and local Easter Seal Societies operate more than 400 program service sites in all 50 United States, the District of Columbia, and Puerto Rico. More than one million people a year benefit from quality-assured Easter Seal services available to anyone who needs them.

The Society strives to fulfill its mission by:

- Establishing and maintaining services which meet the needs of persons with disabilities.
- Assisting persons with disabilities and their families in finding and making effective use of resources that will help them develop their abilities and live purposeful lives.



The cast from Easter Seals' Second City-style comedy revue. One of the show's musical numbers included (left to right) Debra Cheryl Bengel, Kenneth Lidge, Liz Tannebaum, Norman Henderson, and Michelle Williams.

- Assisting communities in the development of necessary and appropriate services for persons with disabilities.
- Working with and for persons with disabilities to assist them in attaining and protecting their legal rights.
- Creating a climate of acceptance in all aspects of society for persons with disabilities.

Easter Seal Societies are supported by contributions from individuals and corporations, legacies, special gifts, grants, fees, contracts, and bequests. More than 95% of all Easter Seal revenue is retained in the area in which it is raised to support programs and services that meet local needs.



Physical therapy is one of many direct services Easter Seals provides to help people with disabilities.



...y revue "Doin' the Reality Rag" on stage singing
(left) Debra Herron, Larry Hogan, John P. Mulvey,
...n Henderson, Kim Doyle, Susie Haake, and

Individuals of all ages and having disabilities resulting from any cause can find assistance through Easter Seal programs. Services provided by local Societies are tailored to meet specific community needs, and accreditation requirements and performance standards assure quality care nationwide.



National Easter Seal Child Susie Wilcox
(left) sings a song with Telethon host
Pat Boone.

1987 Highlights

- For the third consecutive year, Easter Seal Societies report serving more than one million people—1,104,691 in fiscal 1985-86, 36.9 percent of whom were adults.
- Total revenues increase 7.0% to an all-time high of \$211.7 million.
- Telethon '87—Easter Seals' 16th annual National Telethon—raises a record \$33.2 million in pledges.
- National Health Council cites Easter Seals as nationwide leader among voluntary nonprofit health-care organizations for percentage of program dollars spent on direct client services: \$138,738,000, or 93% of total program expenses.
- "Doin' the Reality Rag," Easter Seals' Second City-style comedy revue, premieres to rave reviews.
- National Society's Attitudes Campaign wins two prestigious media awards.
- Legislative Action Network plays key role in securing passage of the Occupational Therapy Medicare Amendments.
- Easter Seals' Office of Governmental Affairs plays leadership role in efforts to secure full access for persons with disabilities on urban mass transit and commercial airlines.
- National Society leads effort to establish a uniform national parking system for persons with disabilities.
- *Program Digest*, a new quarterly publication about innovative Easter Seal programs and program management, makes its debut.
- Corporate identity program launched to enhance and promote a uniform image of Easter Seals nationwide.
- Easter Seal Affinity Card introduced to raise funds and increase public awareness through Visa/MasterCard credit card purchases.
- Goals established and strategies developed for a Strategic Program Plan to guide affiliates in the planning, evaluating, and upgrading of their services, programs, and facilities.



President's Report

The past year was an excellent one for Easter Seals. During what was not a very good year for many other non-profit health-care agencies, our Society received a great deal of attention in the media, and even more support from our dedicated volunteers and generous contributors.

But challenges continue to abound. In Congress, there is strong pressure to penalize nonprofits by prohibiting or curtailing their sponsorship of revenue-generating activities. Any setbacks in this area could result in severe losses of vital operating income for nonprofits such as Easter Seals—income that now helps offset the expenses incurred in providing needed programs for the people we serve.

And within our own Easter Seal family, we must cultivate a new generation of givers and volunteers. The "baby boom" generation has been conspicuous in its absence among the ranks of donors and volunteers in nonprofit organizations. These people are, for the most part, better educated and more affluent than their parents were at the same period in their lives. We must seek their active involvement in Easter Seals. Their potential contribution to our Society is an as-yet-untapped resource.

It is also our hope that our new corporate identity program will instill an even higher level of cooperation among all elements of our Easter Seal family. Seeking the common goal of independence for persons with disabilities, we must strive to ensure that all of our individual endeavors build upon one another to strengthen the whole.

This is in keeping with our new theme, "The Power To Overcome." Working within the spirit of "The Power To Overcome," several members of our National Office staff regularly demonstrate their commitment to excellence by sharing their leadership and expertise with other nonprofit organizations.

John R. Garrison, chief executive officer of the National Society, in 1987 began a two-year term as president of the National Health Council, the nation's oldest umbrella membership association of leading voluntary, professional and health-related organizations across the country. He is also a board member of Independent Sector and on the advisory panel of the National Charities Information Bureau's Standards Review Project.

John D. Kemp, general counsel and director of development, was honored by the Dole Foundation for his advocacy efforts on behalf of persons with disabilities in the area of employment.

Sandra Perkins, director of communications, was honored by The WHOLE PERSON, Inc., the Kansas City, Missouri, independent-living center, for her leadership role in producing "Doin' the Reality Rag," Easter Seals' educational musical comedy revue.

Norman D. Grunewald, director of program services and immediate past board chairman of National Industries for the Severely Handicapped, was cited by Secretary of Labor William E. Brock for his five years of service as chairman of the U.S. Department of Labor's Advisory Committee on Sheltered Workshops.

Rita McGaughey, director of external affairs, received the Meritorious Service Award from the American National Standards Institute (ANSI) in recognition of her leadership in developing an ANSI standard that "helps eliminate environmental barriers to provide a fuller life and greater opportunity for people with disabilities."

Stuart Mace of the NESS program services department, serves as chairman of the National Standards Board of the American Camping Association and is a member of the Association's board of directors.



Bruce Mitchell, director of affiliate relations and long active as a coach and participant in sports for people with disabilities, coached the American swimming team at the 1987 European Invitational Games for the Disabled held in Paris.

As always, our dedicated corps of 800,000 volunteers across the country have our most sincere thanks. It is through their tireless efforts that Easter Seal programs and services across the country are made available to persons with all types of disabling conditions, regardless of their ability to pay.

I am pleased to present this Annual Report to our generous contributors, committed volunteers, expert professional staff, and the more than one million people nationwide who are served by Easter Seals every year. This report is a record of the many successes and accomplishments that are the direct results of your individual and combined efforts. It is a record of which we can all be proud.

This is *your* report.

Elizabeth Kershaw

Mrs. J. Thomas Kershaw, Jr.
President



An Easter Seal therapist helps a toddler with low vision "see" feathers during a sensory enrichment class.

Chief Executive Officer's Report



Last year Easter Seals once again provided direct services to more than one million people. In fiscal 1985-86, our Society served 1,104,691 individuals, 36.9 percent of whom were adults.

For the first time in our 68-year history, total revenues exceeded \$200 million. Easter Seal Societies nationwide posted all-time-high revenues of \$211.7 million. Of that amount, nearly 79 percent went directly to programs, services, education, and research. Aided

by a record-breaking \$33.2 million in pledges from our 16th annual National Telethon, total revenues rose more than seven percent from the previous year.

In June, 1987, Easter Seals was recognized by the National Health Council as the nationwide leader among voluntary nonprofit health-care organizations for the percentage of program dollars we spend on direct client services: \$138,738,000, or 93% of the combined total program expenses for all Easter Seal Societies.

Not all the news was good, however. While a large majority of our state and regional Societies either increased or maintained their total revenues, 13 of them did not. Easter Seals is acutely aware of the competitive pressures facing our affiliates and the effects of regional economic problems.

As a means of minimizing the effects of such external challenges, our Society has established a national corporate identity program that will serve to present a strong, consistent national Easter Seal image and permit our Societies to convey the same image nationwide.

Our new timeline, "The Power To Overcome," refers to the power of Easter Seal-sponsored public education, advocacy, direct services, research, and financial assistance that every year make a difference in the lives of the more than one million people we serve. It is Easter Seals' goal, through our services and programs, to overcome the attitudinal and architectural barriers that prevent persons with disabilities from reaching their maximum independence.

While all voluntary nonprofit health-care agencies have been buffeted by numerous obstacles—tax "reform," reduced fee reimbursement, and stronger competition—our Society continues to demonstrate that these obstacles can be overcome, and that planning and innovation are the hallmarks of continued strength and stability.


Our award-winning Attitudes Campaign and musical comedy revue, "Doin' the Reality Rag," are typical of

the high-caliber professional efforts of our National Office. New publications such as *Program Digest* will further enhance already strong innovative programming efforts by Easter Seal Societies across the country.

Easter Seal Systems' recent efforts, particularly in the areas of education and consulting, provide ample evidence of our Society's continued commitment to making available to persons with disabilities the very latest in technological innovations.

Easter Seals' unrivaled record of service to persons with disabilities rests upon a solid foundation: the dedicated teamwork of our professional staff, volunteers, and contributors. Together, we continue to build on that foundation every day of the year as we seek new and better ways to meet the needs of the people we serve.

For all of your many efforts, every one of you has my deepest personal thanks.


John R. Garrison
Chief Executive Officer



The Power of Easter Seal Programs



Every day of the year, in programs and at facilities operated by Easter Seal Societies across the country, persons with disabilities strive to achieve and maintain their own highest possible level of independence.

Through rehabilitation, recreation, advocacy, and participation in innovative programs, people of all ages are demonstrating that, given the opportunities available through Easter Seals, there are no limits to their personal possibilities.

In June, 1987, the National Health Council reported that Easter Seals led all other voluntary nonprofit health-care organizations nationwide with the highest percentage of dollars allotted for program services: \$138,738,000—93 percent of all Easter Seal program dollars—went directly into client services.

To assist state and local affiliates in the development and management of programs, the National Society last year launched a new publication, *Program Digest*. This quarterly review highlights successful program models within the Easter Seal network and describes management approaches effective in operating quality programs for persons with disabilities.

Program Digest is designed to provide state and local Societies with a vehicle for monitoring the latest in program management concerns. The compact reference publication also features Easter Seal staff who are successfully addressing the issues confronting their facilities, and demonstrates how they are meeting the challenge of offering high-quality, cost-efficient programs in today's ever-changing health-care environment.

One such innovative program is run by the Massachusetts Easter Seal Society. Its statewide Home Health Care Program is giving persons with disabilities the opportunity to continue living at home in a family setting while receiving a full range of rehabilitation and independent-living services.

One client, Mary Alexis, was able to celebrate her 90th birthday at home rather than in a nursing home thanks to Easter Seals. After having a stroke, Mary (not her real name) was unable to move her right side, feed herself, or otherwise perform routine activities. She spent six weeks in a hospital, where she was told that she should enter a nursing home upon her discharge.

Mary and her family wanted no such thing; they did not want to be separated. With the help of Easter Seal nurses and rehabilitation specialists, Mary, her husband, and other family members were able to devise a home-care program that includes regular visits from Easter Seal aides and social workers.

The Easter Seal Home Health Care team has helped make it possible for Mary Alexis' family to care for her right at home, where they all agree she belongs with her husband of sixty years.


In Salt Lake City, The Family Friends Project is an intergenerational program sponsored by the Easter Seal Society of Utah. A "Family Friend" is a volunteer, at least 55 years old, who works with children with disabilities or chronic illnesses and their families. The volunteer visits in the child's home, and shares his or her time, interests, and activities.



Family Friends volunteer Mary Naughton helps Krystal Lawrence with a swing ride as her younger sister, Paige, looks on.



A client welcomes the nurse member of the Home Health Care team to her home. During fiscal year 1986-87, 33,500 home visits were made through the Easter Seal Home Health Care Program in Massachusetts, up 45% over the previous year's total number of visits.



Computer technology benefits children with disabilities in numerous ways. Lind say is fascinated by the computer during an introductory session on keyboard skills at the Easter Seal Rehabilitation Center in Columbus, Ohio.

The program's effect has been profound for both volunteers and children. "My doctor told me that there had to be something good come from the tragedy of losing my leg," said one volunteer. "I think Family Friend is it. I am finally doing something I've always been interested in and wanted to do. . . . I didn't realize how needed it was until I got involved."

The Easter Seal Society of Iowa's Farm Family Rehabilitation Management, or FaRM, is serving the more than 17,000 Iowa farm families who have been affected by permanently disabling accidents, injuries, or illnesses. FaRM incorporates health-care services, coordination of community and independent-living services, vocational counseling, job development and job placement, peer support services, and agricultural worksite and equipment modification consultation.

Parents & Pre-Schoolers in Transition is a model transition and follow-up project of the Easter Seal Society for Disabled Children and Adults in Washington, D.C. In 1987, its second year of operation, the project provided services to 92 program and four non-program children. Funded by the U.S. Department of Education, the project assists children with disabilities and their families as they move into new program settings—including the Washington, D.C. public school system—upon their graduation from Easter Seal infant and pre-school programs.

Easter Seals Makes Bright Futures Possible

Thanks to Bright Futures, a pre-school computer program operated by Easter Seals of Atlanta at its Children's Center, children who have not responded to traditional therapy techniques are developing skills at a faster rate through

computer-assisted therapy. Speech/language pathologists, occupational therapists and classroom teachers use computers during individual treatment sessions to provide therapy for cognitive enrichment, visual perceptual skills, language, pre-academics, and increasing attention.



At the Easter Seal Rehabilitation Center of Southwestern Connecticut, Adriana (right), who has cerebral palsy, shows occupational therapist Karen Fogler how she is able, with the help of adaptive devices, to use a computer the way her nondisabled classmates do.



As their therapist watches them, two 4-year-olds (above) play a computer game geared toward increasing their visual attending, matching and sight-word skills at the Charles Webb Easter Seal Center in Charleston, South Carolina.

Brett 9 (left), who has Down's syndrome, is enhancing his cognitive abilities via computer games at the Atlanta Easter Seal Children's Center in Atlanta, Georgia. The occupational therapy goal for Brett is bilateral hand use and using a computer is an excellent way to encourage use of both hands.

The Power of Advocacy

Easter Seals' acknowledged leadership role in advocacy was evident on a variety of fronts during the past year. Through our Washington-based Office of Governmental Affairs, the National Society's advocacy efforts on behalf of persons with disabilities and the agencies which serve them took several forms: legislation, regulation, education, negotiation, and litigation.

Actively involved in literally dozens of issues, Easter Seals played an important role in securing passage of the Occupational Therapy Medicare Amendments. The enactment of this legislation will now permit Societies to receive reimbursement for vital occupational therapy services previously not covered by Medicare.

Easter Seals has also established itself as a leading advocate on issues regarding access to transportation. Our efforts are focused on three separate areas: urban mass transit, access to commercial airlines, and the establishment of a uniform national parking



National Easter Seal Child Susie Wilcox presented President Reagan with a t-shirt signed by all her classmates during the traditional White House kick-off of the 1987 Easter Seal Campaign.

system. We strongly opposed—and still seek to change—inappropriate Department of Transportation regulations that exclude coverage of persons with mental disabilities and set low standards for mass transit compliance.

The Society has been a key participant in the negotiation process which will determine the regulations governing implementation of the Air Carrier Access Act of 1986. And we are leading the way to create a uniform national parking system that will establish a single set of standards for persons with disabilities who drive or are driven from town to town and state to state.

Additional Easter Seal advocacy during the 1986-87 fiscal year related to:

- Passage of the Rehabilitation Act Amendments of 1986.
- Passage of the Education of the Handicapped Amendments of 1986.
- The enactment of tax provisions authorizing deductions for barrier removal and work expenses for persons with disabilities who have special needs.

Susie met former Speaker of the House Thomas P. "Tip" O'Neill (D-Massachusetts) at the annual Easter Seal Congressional Reception.



- Funding for health and rehabilitation programs.
- Passage of the Fair Labor Standard Act Amendments.

The National Society has long been a vocal proponent of voting rights and accessible polling places for persons with disabilities. Easter Seals was instrumental in securing passage of the Voting Access for the Elderly and Handicapped Act of 1984. In 1988 the Society will join with other disability rights organizations to urge passage of new legislation seeking stronger enforcement measures in order to ensure compliance with the law.

While we face numerous legislative and regulatory challenges, perhaps the single greatest challenge to Easter Seals in the area of advocacy lies in the possible "reforms" now under consideration by Congress as it re-evaluates the tax exemption for nonprofit corporations.

Easter Seals is playing a key role in the public debate on this issue. We are serving in both advocacy and educational capacities, providing information to Congress on the role and problems of nonprofits, and advocating that any reforms be carried out in such a way that Easter Seals and other legitimate charitable organizations are not hampered in any way.

The National Society's ability to advocate effectively is enhanced by the leadership role it plays in a variety of coalitions, including Independent Sector, National Health Council, Alliance of Nonprofit Mailers, Coalition of Citizens with Developmental Disabilities, and National Rehabilitation Caucus.

Our Legislative Action Network, comprised of both volunteers and staff in all fifty states, the District of Columbia, and Puerto Rico, continues to play a vital role in getting the Easter Seal message across to elected officials.



National Easter Seal Adult Representative Dr. Andrew Vangelatos (standing) posed for a picture with Susie and Senate Minority Leader Robert Dole (R-Kansas) at the Congressional Reception.



National Easter Seal Society Chief Executive Officer John Garrison (right) presented Senator Weicker with the Distinguished Service Award.

Easter Seal Distinguished Service Award Presented to Sen. Lowell Weicker (R-Conn.)

Senator Lowell Weicker (R-Conn.) was the recipient of Easter Seals' first annual Distinguished Service Award for his roles as chairman of the Senate Subcommittee on the Handicapped and chairman of the Senate Appropriations Subcommittee dealing with human service programs. Senator Weicker has worked diligently with Easter Seals for several years on a great number of issues, and he has championed disability rights. He has been in the forefront of legislative efforts on behalf of persons with disabilities and their families.

The Power of Education

Since its inception 68 years ago, Easter Seals has produced and provided to persons with disabilities and their families a vast array of educational materials on literally hundreds of disability-related topics.

Equally as important is our Society's ongoing commitment to increase public awareness about the rights, potential, and dignity of persons with disabilities. We pursue public education through a variety of innovative means, and the results of our efforts last year demonstrate the power of Easter Seal education efforts nationwide.

Easter Seals' multi-media public education Attitudes Campaign was the recipient of two major awards last year. It was the winner in the PSA (public service announcement) category of the

8th Annual Media Access Awards presented in Los Angeles by the California Governor's Committee for Employment of the Handicapped. The award is given to productions, groups, and individuals "who have contributed most toward generating increased exposure and positive awareness of people with disabilities through media presentations and participation."

The campaign also received a 1987 Media Award in a competition co-sponsored by the President's Committee on Employment of the Handicapped and the American Association of Disability Communicators. The award was presented to the National Society "in recognition of outstanding contributions to public understanding of disability issues."

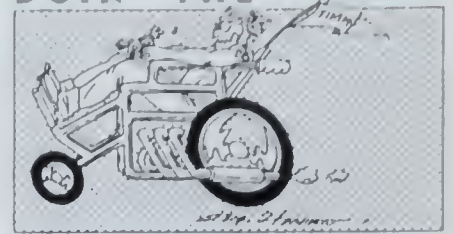
In July, 1987, National Society CEO John Garrison and Director of Communications Sandra Perkins presented papers at the International Symposium on Disability Education in Jerusalem, Israel. Invited to participate

by the Israel Rehabilitation Society, they reported on how Easter Seals' national Attitudes Campaign sought to change public perceptions of persons with disabilities, the philosophy behind the use of humor in changing attitudes, and the use of National Telethon for public education as well as fund raising. The conference was held in cooperation with Rehabilitation International and co-sponsored by The Association for Persons with Severe Handicaps (TASH) and the American Association of Disability Educators.

Last year the National Society also produced a fact-filled brochure about the Tax Reform Act of 1986 and how it affects persons with disabilities, the agencies that serve them, and employers. Comprehensive Accounting Corporation, an Easter Seal national corporate sponsor, underwrote and helped produce this timely educational brochure.



DOIN' THE



REALITY RAG

The National Society, in conjunction with the National Organization on Disability, published an updated version of its widely distributed voter education card. The card, printed by Anway Corporation, provided detailed information on how election judges can make polling places accessible and more accommodating to persons with disabilities. The Society has been a consistent supporter of efforts to ensure that persons with disabilities are guaranteed their legal right to full participation in the electoral process.

"Doin' the Reality Rag" Opens to Rave Reviews

"Doin' the Reality Rag," the Easter Seal-commissioned Second City-style comedy revue, premiered in July in Kansas City. A joint production of Easter Seals and the fully-accessible Unicorn Theatre, the opening of "Reality Rag" was greeted with a flurry of local and national publicity that included featured coverage on CBS News' "Sunday Morning," National Public Radio's "Morning Edition," the Mutual Broadcasting System, and in *USA Today* and *Variety*.



A highlight of opening night was the attendance of Academy Award-winning actress Marlee Matlin, who is deaf. She came to see her lifelong friend, Liz Tannebaum, perform in the show. National Society Board President Elizabeth Kershaw (left to right) posed with Matlin, Tannebaum, and National Society CEO John Garrison.

"Reality Rag" garnered rave reviews that noted "the feel-good momentum the show generates or, for that matter, the lingering effect a show like this can have on nondisabled audience members." On the international level, Voice of America broadcast interviews with cast members and music from the show throughout Europe and behind the Iron Curtain.

Calling the comedy revue "a wonderful vehicle to educate the community," The WHOLE PERSON, Inc., Kansas City's independent-living center, at its 1987 annual dinner recognized the National Society's contribution to the independent-living movement through its production of the show.

"Doin' the Reality Rag" is about life as it really is for people who just happen to have disabilities. A social commentary on disability, the show uses humor within a revue format to encourage positive attitudes towards persons with disabilities.



The Power of Innovation



Throughout its history, Easter Seals has led in innovative methods, applications, research, and programs to serve persons with disabilities. Our Society has always sought to use the latest in applied research and technology to meet the ever-changing needs of the people we serve.

Typical of the way Easter Seals meets such challenges is our work in the area of the late effects of polio. It is estimated that one quarter of the 300,000 or more adults in the United States who had polio as children have recently developed one or more new related symptoms such as fatigue, muscle weakness, respiratory problems, or muscle pain.

The National Society is recognized nationwide as an information source on the late effects of polio. Support groups, multi-disciplinary workshops, and public education are among the many innovative ways Easter Seals has responded to this particular need. The National Society's program service department has also compiled a directory of Easter Seal-affiliated post-polio support groups.

The Easter Seal Research Foundation (ESRF) is playing a leadership role in promoting research efforts to ease the effects of post-polio symptoms. The data from one of five ESRF-funded post-polio projects is helping to define abnormalities and suggest therapy for thousands of survivors of the polio epidemic.

Opportunities to link research with services are unique to Easter Seals.

ESRF research grants recognize the value in funding projects that involve clients served at Easter Seal centers and encourage cooperative efforts between university-based programs and the community-based services provided by Easter Seal rehabilitation facilities. The wide range of disabilities reflected in the more than one million people we serve every year offers researchers the comprehensive base they need for data collection and testing.

Easter Seal Systems Introduces Rehabware™

In keeping with our Society's commitment to innovation, Easter Seal Systems (ESS) has developed Rehabware™, the world's only totally integrated computer software designed to meet the unique requirements of the rehabilitation community. Since its introduction last year, ESS has received inquiries about Rehabware™ from around the country—and even as far away as Australia.

Designed by rehabilitation professionals, Rehabware™ is a computerized management system for vocational and medical rehabilitation facilities. It offers optimal operating efficiency by providing the capability for completely integrated accounting, patient billing, and office automation systems, as well as program evaluation, client evaluation and tracking, and record and report writing.

ESS backs up Rehabware™ with a full line of professional services that include management consultation,

automation audits, and technical training and support.

ESS continues its widespread consulting and educational efforts by conducting automation-related seminars and workshops for rehabilitation facility professionals. In 1987, ESS sponsored workshops in conjunction with the American Hospital Association's Section for Rehabilitation Hospitals and Programs and the National Association of Rehabilitation Facilities.

Easter Seal Student Design Competition Promotes the Technology of Tomorrow

Thirteen college engineering students, representing universities in Arizona, California, Virginia, and Canada, were named winners in the 1987 Easter Seal Student Design Competition, the major North American competition for design of devices and systems for people with disabilities. The competition is sponsored by the National Society and the Association for the Advancement of Rehabilitation Technology.

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Former National Society president Michael N. Smith (right) watches as Stanford University medical student Douglas J. Parker (left) demonstrates his award-winning design for a body-powered prosthetic prehensor featuring a moving "thumb" and a stationary "palm" with voluntary closing action which combined the appearance of an artificial hand with the functional ability of the classic hook.



Arizona State University (Tempe) student Mike Cwiekowski (center) shows Michael N. Smith and Scott Ketterer the award winning cart he and fellow students Ben Dunlap and Chris Domina designed for easy loading and removal from an automobile trunk, features that will enable persons with arthritis or other disabling conditions to use it to transport parcels without putting undue stress on joints and muscles.

Easter Seal Research Foundation

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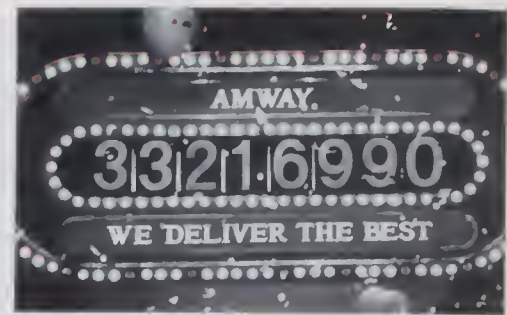
Using simple computer commands, children with Down's syndrome learn language skills in an Easter Seal-supported project conducted at City of Hope in Duarte, California. This boy's face reflects the thrill of newly acquired communication powers. (Photo by Enrico Ferorelli, courtesy of DOT Picture Agency.)

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Computers are being used to help rehabilitate persons who have had a stroke. A Cardinal Hill Hospital stroke patient (left) is shown how to use a computer program by her Easter Seal occupational therapist.

The Power of Telethon '87



"Easter Seals... where people come first." That was the theme for our record-breaking 16th annual National Telethon.

The 1987 Easter Seal Telethon established an all-time-high tote of \$33,216,990. This new record was 10.4 percent greater than the \$30.1 million pledge total in 1986.

Our corporate sponsors continued their impressive commitment to support Easter Seal programs through Telethon '87. Century 21 Real Estate Corporation led the way with a record-setting presentation of \$3 million. In only their second year as a national corporate sponsor, Safeway Stores presented \$2.25 million.

Ever-increasing corporate support has been a key factor in National Telethon's consistent, impressive growth since its inception in 1972.

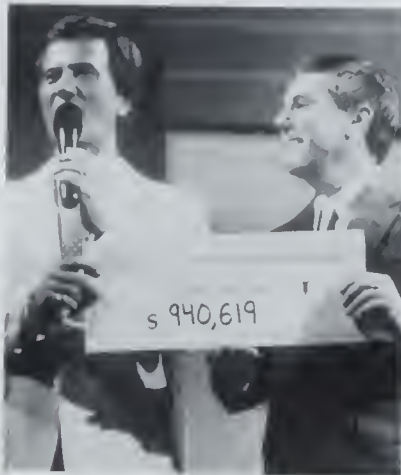
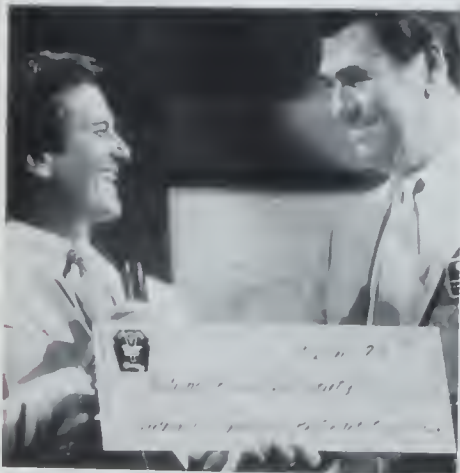
Telethon '87 was broadcast to 127 markets with, according to A.C. Nielsen Company, an unduplicated viewership of more than 55 million people.

Easter Seals' largest single fund-raising event, Telethon was hosted for the seventh consecutive year by singer-actor-TV personality Pat Boone, and co-hosted for the fourth year by actress Donna Mills.

The National Telethon not only raises record sums of money for Easter Seal programs but also serves as a focal point for volunteer action and recruitment, public education and advocacy,

and increased visibility for Easter Seals and the many ways we work together to serve persons with disabilities and their families.

Telethon '87 set another record as well. More than one out of every seven minutes of Telethon's national air time—a record 106 minutes—were devoted to public education about persons with disabilities and the issues that affect them. The programming for this 14.5% portion of Telethon—an increase over the previous year's 13.7%—was developed and presented in conjunction with Easter Seals' award-winning Attitudes Campaign.



Telethon host Pat Boone receives a \$3 million check from Richard Loughlin (left), president and chief executive officer of Century 21 Real Estate Corporation. (center) Gerry Sinsigalli, senior vice president of Friendly Ice Cream Corporation gives Pat Boone a check for \$940,619, the proceeds from Friendly's Cones for Kids Program. (right) Pat Boone accepts a \$900,000 check from Amway Corporation's president of communications Nan VanAndel and Amway distributors Angelo and Claudia Nardone.



(Left) 1987 National Easter Seal Child Susie Wilcox enjoys a moment with Pat Boone during the Telethon.

(Right) Robert E. Bradford (middle), Safeway Stores, Inc. senior vice president for public affairs, and Safeway employee Chris Kief give Pat Boone a check for \$2.25 million.



The Power of Financial Support

Easter Seal programs and services are supported by a variety of income sources that include contributions from individuals and corporations, special gifts, grants, fees, contracts, and bequests. The Society fosters a "grassroots" approach that enables affiliates to retain 95 percent of all collected revenues in the area where it is raised to support local services.

Through a strategy of planned diversification, our Society has been able to make available record amounts for local direct services even while the proportion of total income from individual contributors continues to decline.

Last year gifts from individual contributions accounted for 38.6 percent of total income, down dramatically from just five years ago, when it represented 44.5 percent of total income. But other sources of income have more than made up the difference, increasing by nearly 62 percent from \$81.0 million to \$131.1 million during the same period.

Social Responsibility Marketing™ plays a vital role in Easter Seal fund-raising efforts. National corporate sponsors work closely with the National Society to develop new and innovative fund-raising opportunities. In 1987, the American Physical Therapy Association (APTA) joined the ranks of our national corporate sponsors, thereby becoming the first national membership organization

of health-care professionals to join in the support of Easter Seal programs and services.

The Easter Seal Coupon Program has been revamped in cooperation with Valassis Inserts. The program raises significant sums for the Society that help offset production costs of our National Telethon. The Coupon Program benefits all parties involved. It gives Easter Seals a visible presence in 44 million households on the day of our National Telethon, and coupon redemption rates for companies participating in Telethon are much higher as a result.

In 1987, the Society introduced the Easter Seal Affinity Card, a Visa/MasterCard credit card that will provide Easter Seals with a portion of all purchases charged to the card. The card features no annual fee for the first year, a 30-day grace period, and a competitive interest rate. The Easter Seal Affinity Card is being aggressively marketed throughout the country, and its use will not only raise funds but also increase public awareness about our Society and the people we serve.

In order to more effectively and efficiently develop financial support, and to ensure continued financial stability, Easter Seals last year undertook an extensive marketing research effort. Conducted for direct mail and Telethon, the program included focus groups, telephone interviews, and a consumer mail panel.



The research analyzed public perceptions about our Society, as well as how Easter Seals and Easter Seal programs and services are viewed by both contributors and the people we serve. Survey results were encouraging, and the information they provided will help us in our ongoing effort to improve our fund-raising activities.

"Helping Hand" Program Wins President's Award

Scott Paper Company's "Helping Hand" program, of which Easter Seals is an active participant, was selected as one of 30 winners of the 1987 President's Award for Private Sector Initiatives. Presented by President Reagan at a Rose Garden ceremony, it is considered to be the highest award in the country which recognizes community outreach programs.

"Helping Hand" won out over more than 1,000 nominations received from across the country. Scott Paper thanked Easter Seals and other "Helping Hand" partners for their hard work and commitment which resulted in the program being named best in the country. In 1987, ten Easter Seal projects in three states were approved for more than \$114,000 in "Helping Hand" funds.



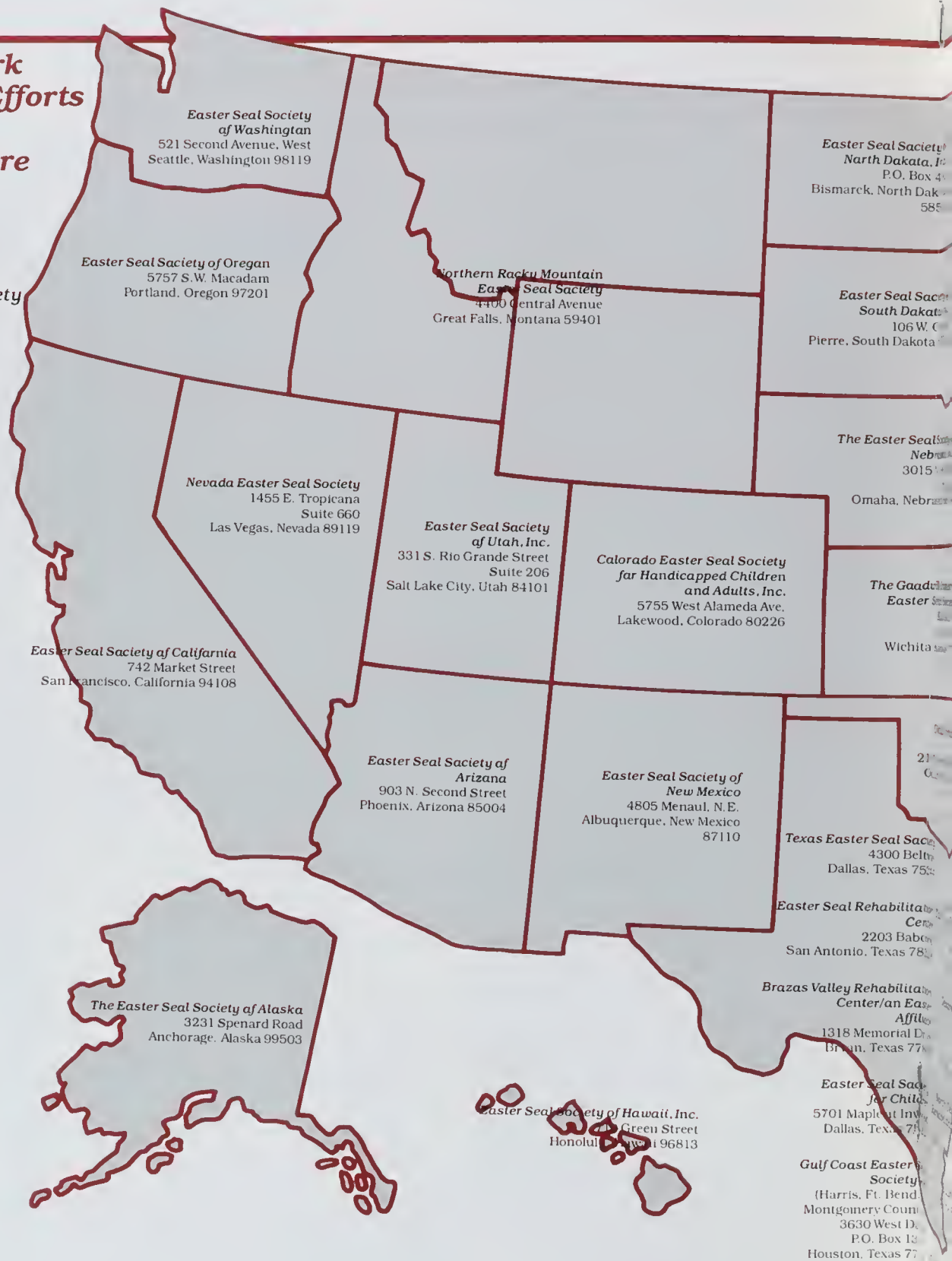
"Valassis Inserts is pleased to combine efforts with the National Society to produce the highly-successful Easter Seal Coupon Program, the largest of its kind in the nation."

David A. Brandon,
Chief Executive Officer
Valassis Inserts

Easter Seal Affiliates

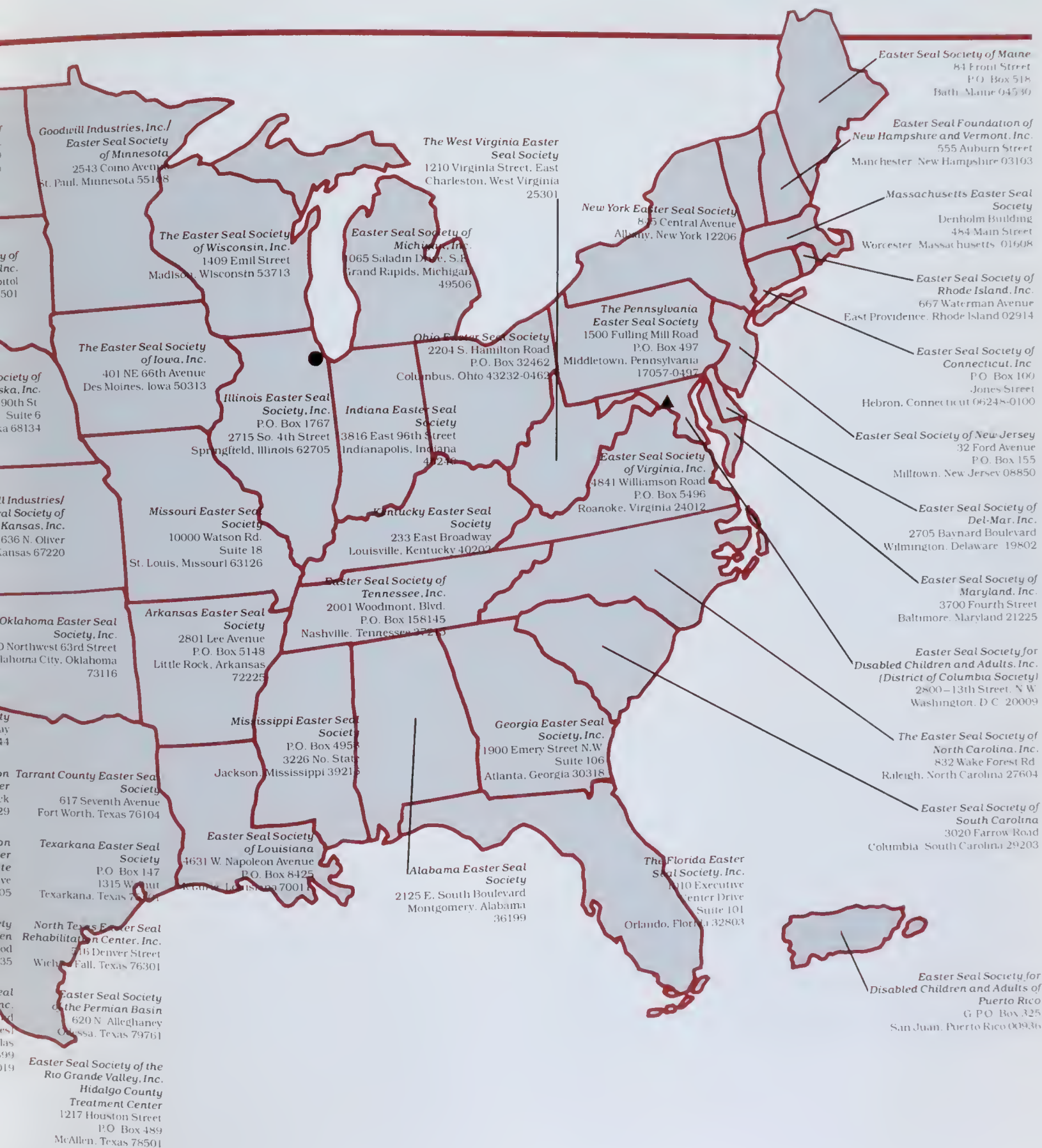
**A Nationwide Network
Whose Cooperative Efforts
Bring the Power
of Easter Seals to More
Than One Million
People A Year.**

Easter Seal Societies directly
affiliated with the National Society
as of September, 1987.



National Easter Seal Society ●
2023 West Ogden Avenue
Chicago, Illinois 60612

Washington Office:
National Easter Seal Society ▲
1350 New York Avenue, N.W.
Suite 415
Washington, D.C. 20005



The Power of Direct Services

For the third consecutive year, Easter Seal Societies nationwide provided direct services to more than one million people.

In fiscal year 1985-86, Easter Seal Societies reported serving 1,104,691 people. The largest increases were among clients age 3-15 and 16-21. These two age groups accounted for an additional 35,073 persons served, with the number of clients age 16-21 increasing

21.9 percent to 77,145. The figures once again prove that client services continue to be the mainstay of Easter Seals' efforts on behalf of persons with disabilities.

The power of Easter Seals' direct service is demonstrated in the myriad ways our Society works to meet the rehabilitation needs, and thereby promote the independence, of persons with disabilities. Approximately 200 state and local Easter Seal Societies operate more than 400 program service sites in all 50 United States, the District of Columbia, and Puerto Rico.

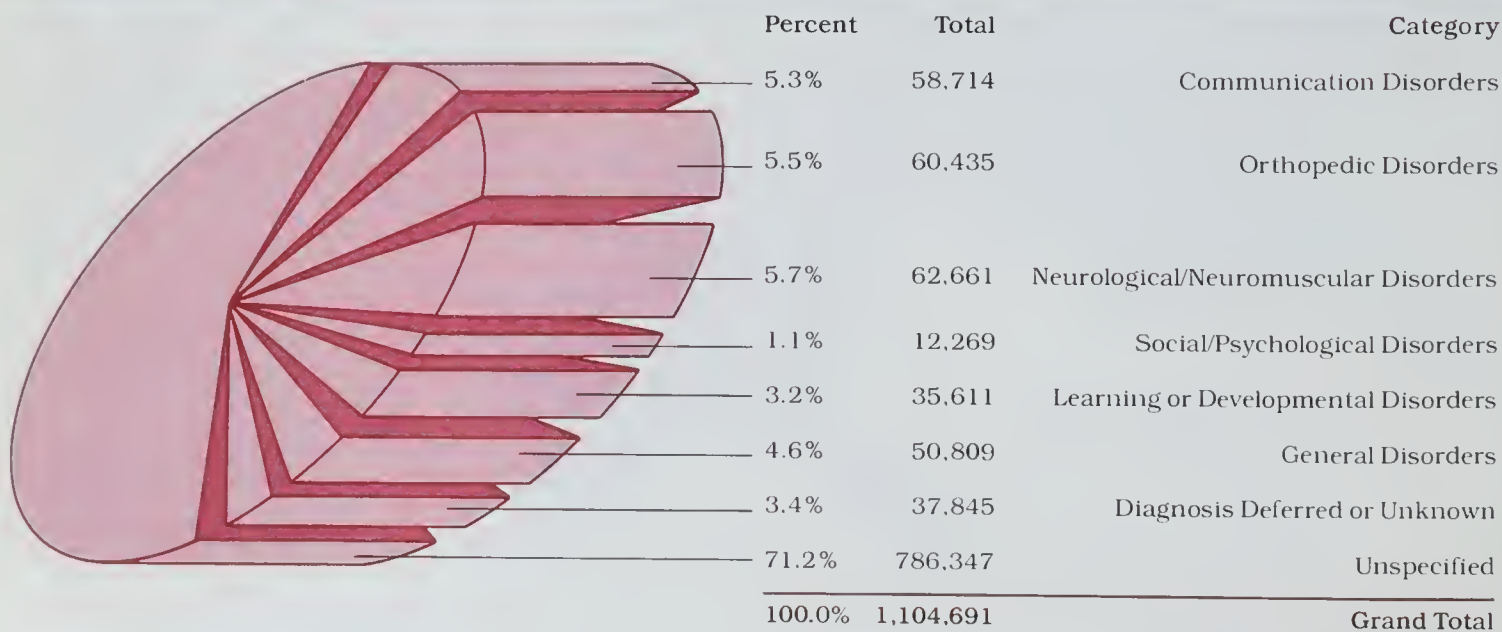
The needs of individuals who have disabilities vary greatly. Services



Through Easter Seal early intervention programs, young parents learn to work with their children to help them increase coordination.



Number of people receiving Easter Seal services in 1985-86 fiscal year, by major disability (unduplicated count):



provided by Easter Seal Societies to meet those needs include: physical, occupational, and speech-language therapies, vocational evaluation and training, camping and recreation, and psychological counseling. Prevention of, and screening for, potentially disabling conditions are also encouraged and sponsored by Easter Seals.

Individuals of all ages and having disabilities resulting from any cause can find assistance through Easter Seal programs. Accreditation requirements and performance standards assure quality care nationwide.



Easter Seal Riding Therapy Program participants get a good workout of stretching and balancing activities while enjoying outdoor fun.

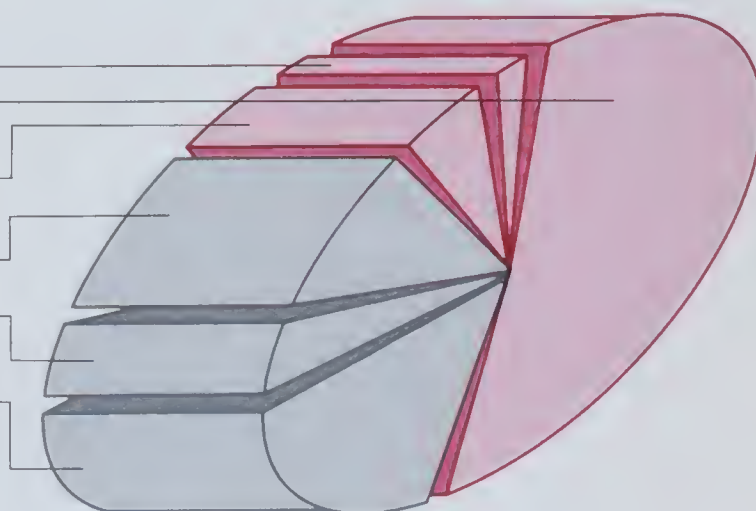


Toddlers with low vision experience many things they can't see in Easter Seal sensory enrichment classes. Andrew (left) learns about bubbles from his therapist.

The People We Serve

Easter Seal clients by age for 1985-86 fiscal year (unduplicated count):

	Age Category	Total	Percent
0-21 total:	0-2	26,465	2.4%
696,872	3-15	593,262	53.7%
63.1%	16-21	77,145	7.0%
22 total	22-64	154,458	14.0%
107,819	65+	65,355	5.9%
63.9%	Age Unspecified (classified as adults)	188,006	17.0%
	Grand Total	1,104,691	100.0%



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Marilyn McDonald Wikler, Ph.D.

Assistant Professor, School of Social
Work

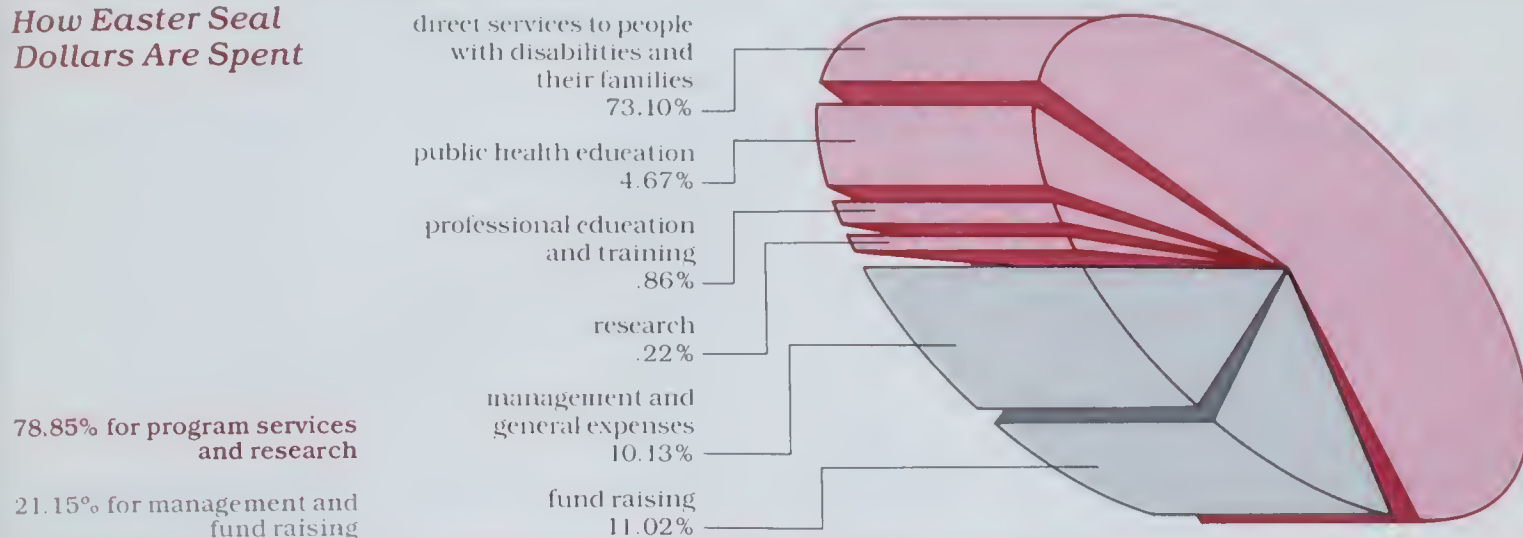
University of Wisconsin

Madison, Wisconsin

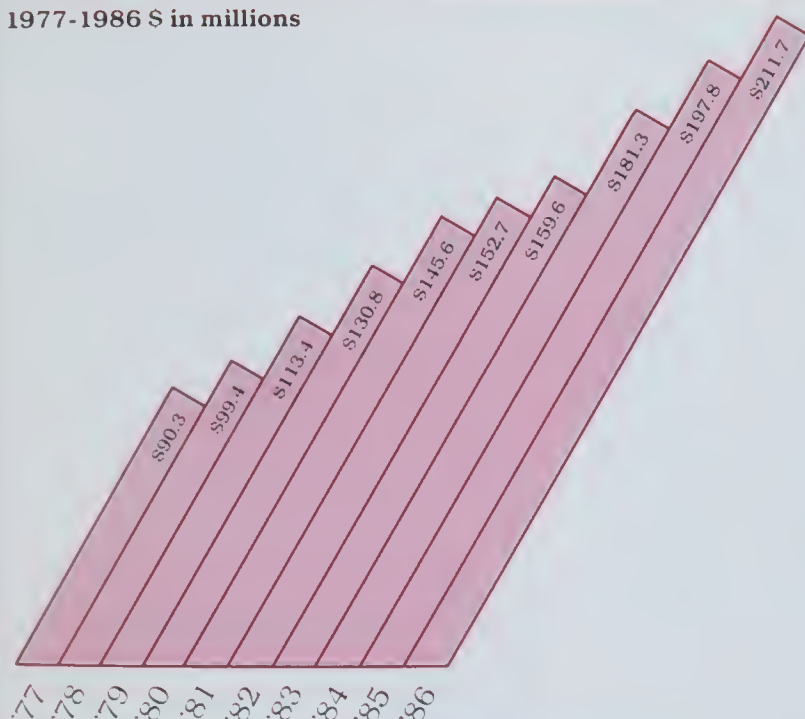
Easter Seal Dollars

Based on combined expenditures of \$203,490,093 for the fiscal year ended August 31, 1986, for the National and all intermediary and territorial Easter Seal Societies.

How Easter Seal Dollars Are Spent



1977-1986 \$ in millions



Total Nationwide Easter Seal Income from All Sources

Based on combined income of the National and all intermediary and territorial Easter Seal Societies.

More than 95% of all Easter Seal revenue is retained in the area in which it is raised to support services in local communities.

Intermediary Society Financial Statements

The financial statements on pages 22-24 for the intermediary and territorial Easter Seal Societies (excluding the National Easter Seal Society, Incorporated) are consolidated statements for the fiscal year ended August 31, 1986.

These combined statements were prepared from reports submitted by the intermediary member Societies. They reflect support and revenue from all sources. Maintenance of membership standards require that:

1. Intermediary member Societies submit to the National Society annual audits prepared by a certified public accountant.
2. Intermediary and local Societies maintain service and financial records as prescribed by the National Society.
3. Intermediary and local Societies meet National Society program, accounting, fund-raising, and personnel standards.

These requirements are implemented by a membership agreement that is entered into by the National Society and its affiliates.

Consolidated Intermediary Financial Statements

49 Intermediary and Territorial Societies (Excluding The National Easter Seal Society, Inc.)
Exhibit A

Balance Sheet

Year Ended August 31, 1986	Total All Funds	Current Unrestricted Funds	Current Restricted Funds	Land, Buildings and Equipment Funds	Endowment Funds
Assets					
Cash	\$ 26,347,152	\$20,746,229	\$1,217,585	\$ 2,566,815	\$ 1,816,523
Marketable Securities	30,834,542	19,604,830	1,980,498	1,618,394	7,630,820
Notes and Accounts Receivable, Less Allowance for Uncollectibles of \$1,558,514	23,441,877	21,357,171	1,530,952	516,448	37,306
Pledges Receivable, Less Allowance for Uncollectibles of \$72,193	1,141,490	267,384		853,987	20,119
Inventory of Supplies and Products	1,173,000	1,168,187	4,813		
Prepaid Expenses	1,962,618	1,931,592	6,535	15,209	9,282
Deferred Charges	354,483	63,370		291,113	
Investments:					
Securities	23,323,779	15,514,401	2,622,822	948,648	4,237,908
Fixed Assets, Less Accumulated Depreciation of \$544,065	2,645,199	314,529		2,253,393	77,277
Fixed Assets:					
Land	12,832,109	2,000		12,830,109	
Buildings, Less Accumulated Depreciation of \$31,437,977	61,944,844	3,551		61,941,293	
Equipment, Less Accumulated Depreciation of \$20,590,250	14,444,298			14,444,298	
Other Assets	3,673,844	1,260,745	645,658	350,893	1,416,548
Due From (To) Other Funds	0	152,353	- 331,046	- 307,782	486,475
Total Assets	\$204,119,235	\$82,386,342	\$7,677,817	\$98,322,818	\$15,732,258
Liabilities and Fund Balances					
Notes and Accounts Payable	\$ 18,739,313	\$15,821,324	\$ 177,101	\$ 2,725,653	\$ 15,235
Accrued Expenses and Taxes Payable	3,293,636	3,228,188	4,734	60,714	
Mortgages Payable	9,382,786	497,684	600	8,839,867	44,635
Other Long Term Liabilities	4,131,239	794,930	444,311	2,891,998	
Deferred Revenue	5,802,212	2,141,916	931,921	2,675,214	53,161
Fund Balances:					
Current Unrestricted-Undesignated	48,738,081	48,738,081			
Current Unrestricted-Specifically Designated	5,355,330	5,355,330			
Current Unrestricted-Long-Term Investments	5,808,889	5,808,889			
Current Restricted	6,119,150		6,119,150		
Land, Buildings and Equipment- Expended	69,563,778			69,563,778	
Land, Buildings and Equipment- Unexpended, Restricted	11,565,594			11,565,594	
Endowment	15,619,227				15,619,227
Total Liabilities and Fund Balances	\$204,119,235	\$82,386,342	\$7,677,817	\$98,322,818	\$15,732,258

See accompanying notes to financial statements.

Consolidated Intermediary Financial Statements

49 Intermediary and Territorial Societies (Excluding The National Easter Seal Society, Inc.)
Exhibit B

Statement of Support, Revenue and Expense and Changes in Fund Balances

Year Ended August 31, 1986	Total All Funds	Current Unrestricted Funds	Current Restricted Funds	Land, Buildings and Equipment Funds	Endowment Funds
Support From the Public:					
Direct Public Support					
Contributions	\$ 51,918,047	\$ 50,167,399	\$ 1,236,553	\$ 473,997	\$ 40,098
Capital Fund Campaigns	2,840,708	3,175		2,837,533	
Special Events	11,074,927	10,898,688	176,239		
Endowment Gifts	1,129,641				1,129,641
Bequests	8,367,902	7,415,836	570,959	381,107	
Donated Services	818,858	731,940		86,918	
Indirect Public Support Allocated by Federated Fund-Raising Organizations	4,408,695	4,387,456	16,239	5,000	
Total Support from the Public	80,558,778	73,604,494	1,999,990	3,784,555	1,169,739
Revenue:					
Fees and Grants from Government					
Agencies	51,183,039	41,632,615	8,996,687	553,737	
Program Service Fees	40,203,649	39,697,553	506,096		
Sales to the Public	22,614,080	22,515,380	98,700		
Investment Income, Gains and Losses	11,787,970	7,721,404	563,983	2,451,779	1,050,804
Miscellaneous Revenue	2,554,570	2,446,036	44,890	61,786	1,858
Total Revenue	128,343,308	114,012,988	10,210,356	3,067,302	1,052,662
Total Support and Revenue	\$208,902,086	\$187,617,482	\$12,210,346	\$ 6,851,857	\$ 2,222,401
Expenses:					
Program Services:					
Research	48,759	46,956		1,803	
Public Health Education	8,599,181	7,947,800	333,478	317,903	
Professional Education and Training	1,413,571	1,358,414	2,899	52,258	
Direct Services	146,697,963	130,983,615	10,291,071	5,423,277	
Supporting Services:					
Fund Raising	20,764,763	19,997,110		767,653	
Management and General	19,607,954	18,620,770		877,346	109,838
	197,132,191	178,954,665	10,627,448	7,440,240	109,838
Support of National Programs	4,121,852	4,121,852			
Total Expense	201,254,043	183,076,517	10,627,448	7,440,240	109,838
Excess of Public Support and Revenue over Expense	7,648,043	4,540,965	1,582,898	-588,383	2,112,563
Other Changes in Fund Balances					
Net Adjustments for Disaffiliations and Corrections of Prior Periods	-6,283,631	-4,929,190	792,895	-907,627	-1,239,709
Transfers (To) From Other Funds	0	-2,524,288	-670,400	3,601,052	-406,364
Fund Balances, September 1, 1985	161,405,637	62,814,813	4,413,757	79,024,330	15,152,737
Fund Balances, August 31, 1986	\$162,770,049	\$ 59,902,300	\$ 6,119,150	\$81,129,372	\$15,619,227

See accompanying notes to financial statements.

Consolidated Intermediary Financial Statements

49 Intermediary and Territorial Societies (The National Easter Seal Society, Inc.)

Exhibit C

Statement of Functional Expenses

Year Ended August 31, 1986	Total All Services	Program Services				Supporting Services	
		Research	Public Health Education	Professional Education and Training	Direct Services	Fund Raising	Management and General
Employee Compensation	\$114,418,922	\$23,116	\$3,644,115	\$ 725,737	\$ 93,021,864	\$ 5,851,323	\$11,152,767
Professional Fees and Contract Service Payments	11,664,551	10,776	913,114	59,779	5,489,079	3,439,210	1,752,593
Supplies	16,983,688	65	1,359,712	31,135	10,613,143	4,197,005	782,628
Telephone and Telegraph	3,103,566	173	241,902	19,761	1,805,626	549,635	486,469
Postage and Shipping	5,489,370	1,256	831,538	19,728	1,145,536	3,187,504	303,808
Occupancy	13,663,801	15	280,483	42,076	11,257,433	495,325	1,588,469
Outside Printing, Artwork, Media and Related Expenses	2,689,096	8,296	557,823	26,082	561,173	1,307,066	228,656
Travel and Transportation	5,444,446	463	197,704	202,361	4,204,029	305,299	534,590
Conferences, Conventions and Meetings	1,097,286	69	122,726	173,949	401,365	81,957	317,220
Specific Assistance to Individuals	6,168,571				6,168,571		
Membership Dues to Professional Associations	280,251	460	10,434	8,572	128,584	9,615	122,586
Awards and Grants	1,075,103		20,945	18,856	1,029,282	108	5,912
Minor Equipment Additions and Equipment Rentals and Service	2,399,739	2	52,934	7,229	1,915,388	94,952	329,234
Miscellaneous	5,175,779	3,675	237,950	50,640	3,012,664	955,143	915,707
Depreciation and Amortization	6,787,311	393	119,284	23,128	5,365,741	238,844	1,039,921
Equivalent of Salaries for Donated Services	690,711		8,517	4,538	578,485	51,777	47,394
Total Functional Expenses	\$197,132,191	\$48,759	\$8,599,181	\$1,413,571	\$146,697,963	\$20,764,763	\$19,607,954

See accompanying notes to financial statements.

Notes to Financial Statements

49 Intermediary and Territorial Easter Seal Societies

1. The accompanying financial statements do not include the accounts of National Easter Seal Society, Inc.
2. The accompanying financial statements do not include custodian funds held for the accounts of others. A summary of such custodian funds for the year ended August 31, 1986 is as follows:

Balance, September 1, 1985	\$ 789,852
Prior Year Adjustments	(36,181)
Receipts	1,957,650
Transfers	127,346
Balance	2,838,667
Expenses	1,862,431
Balance, August 31, 1986	<u>\$ 976,236</u>

National Easter Seal Society, Incorporated Financial Statements

Statement of Public Support, Revenue and Expenses

for the year ended August 31, 1986 with comparative totals for 1985	Funds			1986 Totals	1985 Totals
	Unrestricted	Restricted	Property		
Public support and revenue:					
Public support:					
Contributions	\$ 38,489	\$ 6,000		\$ 44,489	\$ 92,138
Bequests	158,023			158,023	265,369
Property gifts					95,296
Donated computers			\$ 14,462	14,462	132,100
Total public support	196,512	6,000	14,462	216,974	584,903
Revenue:					
Membership dues from affiliates	4,140,165			4,140,165	4,024,916
Sales and services to affiliates, net of direct expenses of \$4,176,000 in 1986	(179,519)			(179,519)	(226,288)
Publication and registration revenue	216,062			216,062	215,256
Investment income	148,641	16,935		165,576	138,239
Gain on sale of securities	313,652			313,652	113,179
Income (loss) from the operations of the Central Maryland Chapter, net of direct expenses of \$926,000 in 1986	580,734		(14,761)	565,973	146,908
Excess of reimbursements from affiliates and corporate sponsorships over National telethon production costs of \$2,170,000 in 1986	261,744			261,744	642,999
Sales of Easter Seal supplies to affiliate, net of direct expenses of \$537,000 in 1986	(20,386)			(20,386)	3,402
Loss on disposal of equipment			(16,990)	(16,990)	(7,221)
Miscellaneous revenue	7,691			7,691	53,149
Total revenue	5,468,784	16,935	(31,751)	5,453,968	5,104,539
Total public support and revenue	5,665,296	22,935	(17,289)	5,670,942	5,689,442
Expenses:					
Program services:					
Services for affiliates:					
Program development	598,545		13,108	611,653	528,647
Advocacy for persons with disabilities	473,370	15,302	6,285	494,957	395,475
Professional education and training	322,305	4,240	6,761	333,306	466,664
Fund raising advisory services	920,903		21,239	942,142	1,242,404
Management advisory services	488,827		10,690	499,517	590,462
Total services for affiliates	2,803,950	19,542	58,083	2,881,575	3,223,652
Public health education	401,802		6,511	408,313	396,123
Research	398,224		4,635	402,859	404,441
Total program services	3,603,976	19,542	69,229	3,692,747	4,024,216
Management and general	944,552		43,058	987,610	989,343
Total expenses	4,548,528	19,542	112,287	4,680,357	5,013,559
Excess (deficiency) of public support and revenue over expenses	\$1,116,768	\$ 3,393	\$ (129,576)	\$ 990,585	\$ 675,883

The accompanying notes are an integral part of the financial statements.

National Easter Seal Society, Incorporated Financial Statements

Statement of Functional Expenses

for the year ended August 31, 1986 with comparative totals for 1985	Program Services			
	Services for Affiliates			
	Program Development	Advocacy for Persons with Disabilities	Professional Education and Training	Fund Raising Advisory Services
Salaries	\$302,838	\$258,173	\$160,361	\$395,735
Employee benefits	24,646	22,269	10,530	26,781
Payroll taxes	23,047	19,718	12,583	31,871
Salaries and related expenses	350,531	300,160	183,474	454,387
Grants and awards	1	179	3,639	70
Professional fees	72,811	25,308	22,487	97,638
Office supplies and expense	23,203	4,675	2,900	4,892
Telephone and telegraph	9,648	8,227	3,119	31,605
Postage and shipping	10,427	6,763	9,800	19,280
Occupancy	17,744	38,836	13,017	24,743
Outside printing and artwork	37,204	13,975	40,672	59,892
Travel	32,627	23,356	5,766	105,568
Conferences, conventions and meetings	24,204	13,862	19,799	55,952
Membership dues and support payments	7,592	22,270	1,249	25,827
Minor equipment additions and rentals	10,533	10,724	8,557	29,690
Promotional material costs	89	18,910	11,085	7,448
Miscellaneous	1,931	1,427	981	3,911
Real property valuation				
Total expenses before depreciation	598,545	488,672	326,545	920,903
Depreciation of buildings and equipment	13,108	6,285	6,761	21,239
Total expenses	\$611,653	\$494,957	\$333,306	\$942,142

The accompanying notes are an integral part of the financial statements.

Management Advisory Services	Total Services for Affiliates	Public Health Education	Research	Total Program Services	Management and General	Total Expenses 1986	Total Expenses 1985
\$275,357	\$1,392,464	\$169,646	\$ 57,733	\$1,619,843	\$462,296	\$2,082,139	\$1,985,254
22,948	107,174	12,484	4,146	123,804	37,140	160,944	134,116
20,554	107,773	12,887	4,375	125,035	35,197	160,232	156,774
318,859	1,607,411	195,017	66,254	1,868,682	534,633	2,403,315	2,276,144
62	3,951	490	299,999	304,440	149	304,589	440,569
50,874	269,118	36,969	2,161	308,248	81,598	389,846	678,397
9,418	45,088	3,280	(6,051)	42,317	16,970	59,287	69,088
7,054	59,653	3,952	1,212	64,817	10,896	75,713	83,457
8,678	54,948	8,364	1,109	64,421	16,868	81,289	84,917
13,651	107,991	10,392	4,400	122,783	26,553	149,336	164,475
8,993	160,736	38,870	466	200,072	18,045	218,117	191,290
28,247	195,564	15,040	1,681	212,285	31,450	243,735	290,761
18,187	132,004	9,260	15,363	156,627	146,348	302,975	330,819
1,686	58,624	14,738	4,141	77,503	5,469	82,972	96,018
14,822	74,326	11,367	7,169	92,862	35,380	128,242	82,675
6,508	44,040	51,852		95,892	15,785	111,677	45,664
1,788	10,038	2,211	320	12,569	4,408	16,977	11,132
							65,000
488,827	2,823,492	401,802	398,224	3,623,518	944,552	4,568,070	4,910,406
10,690	58,083	6,511	4,635	69,229	43,058	112,287	103,153
\$499,517	\$2,881,575	\$408,313	\$402,859	\$3,692,747	\$987,610	\$4,680,357	\$5,013,559

National Easter Seal Society, Incorporated Financial Statements

Balance Sheet

August 31, 1986 with comparative totals for 1985	Funds			1986 Totals	1985 Totals
	Unrestricted	Restricted	Property		
Assets					
Cash, including short-term investments of \$946,422 in 1986	\$ 853,047	\$143,947		\$ 996,994	\$ 595,353
Investments:					
General reserve (market value \$2,208,000 in 1986)	1,848,615			1,848,615	1,765,925
Other (market value \$187,000 in 1986)	88,496	62,938		151,434	151,434
Notes and accounts receivable from affiliates, less allowance of \$520,000 in 1986	2,566,236			2,566,236	2,081,315
Other accounts and notes receivable	829,058			829,058	308,194
Inventories	248,151			248,151	331,329
Prepaid expenses and deferred charges	240,391			240,391	183,364
Property, buildings and equipment:					
Land			\$ 57,520	57,520	57,520
Buildings and improvements			710,752	710,752	710,752
Furniture and fixtures			670,467	670,467	738,608
Accumulated depreciation			(679,205)	(679,205)	(679,134)
Total assets	\$6,673,994	\$206,885	\$ 759,534	\$7,640,413	\$6,244,660
Liabilities and Fund Balances					
<i>Liabilities:</i>					
Accounts payable and accrued liabilities	\$1,240,495			\$1,240,495	\$1,024,255
Accounts payable to affiliates	332,814			332,814	132,227
Accrued pension expense	49,780			49,780	49,780
Custodial deposits	112,779			112,779	112,779
Notes payable			\$ 37,429	37,429	49,088
Total liabilities	1,735,868		37,429	1,773,297	1,368,129
<i>Fund balances:</i>					
<i>Restricted:</i>					
Scholarship and fellowship grants, awards and loans		\$ 73,530		73,530	63,228
Advocacy for persons with disabilities		50,809		50,809	62,434
Professional education		80,954		80,954	76,338
Other		1,592		1,592	1,492
<i>Unrestricted:</i>					
General reserve	3,227,339			3,227,339	2,567,009
Undesignated, available for general activities	1,710,787			1,710,787	1,269,428
Net investment in property, buildings and equipment			722,105	722,105	836,602
Total fund balances	4,938,126	206,885	722,105	5,867,116	4,876,531
Total liabilities and fund balances	\$6,673,994	\$206,885	\$759,534	\$7,640,413	\$6,244,660

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization:

The National Easter Seal Society, Incorporated ("National Society") is a nonprofit organization which acts as a central service organization for fifty Intermediary Societies ("Affiliates"). The accompanying financial statements do not include the accounts of these affiliates, each of which has its own independent Board of Directors, conducts service programs independent of those of the National Society and maintains its own separate accounts.

The operations of the National Society include those of the Central Maryland Chapter.

Basis of Accounting:

The financial statements of the National Society are prepared in accordance with generally accepted standards of accounting and financial reporting for voluntary, health and welfare organizations.

The accrual basis method of accounting is used for recording revenue and expense.

The National Society is exempt from

payment of income taxes under section 501(c) (3) of the Internal Revenue Code.

Investments:

Investments are recorded at cost, or in the case of donated securities and real estate, at fair market value at date of receipt. Permanent decreases in market value below recorded value are recognized by reducing the carrying value of the investment to market. Realized gains or losses on the sale or maturity of investments are determined on the basis of specific costs of investments.

Allowance for Uncollectible Notes and Accounts Receivable from Affiliates:

An allowance is provided for notes and accounts receivable from affiliates determined to be uncollectible. During 1986, no provision for uncollectible notes and accounts receivable was charged against revenue from membership dues from affiliates.

Inventories:

Inventories consist principally of Easter Seals and supplies, and computer hardware, and are stated at the lower of cost, determined by the first-in, first-out

method, or market.

Property, Buildings and Equipment:

Property, buildings and equipment are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred and expenditures for major renovations are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Restricted Gifts and Contributions:

The National Society accepts donor-restricted gifts and contributions in keeping with the nature of its activities. Such gifts and contributions are recorded in the Restricted Fund. The National Society has adopted the policy of also restricting the income earned on the investment of these gifts and contributions to the same purpose as the principal.

Software Development Costs:

Costs relating to the development of software produced for sale are charged to expense as incurred. Such costs were approximately \$28,500 in 1986.

2. Investments

Investments of the National Society at August 31, 1986 are summarized below:

The investments held in the general reserve are available for purposes as designated, from time to time, by the Board of Directors.

	Carrying Value	Market Value
General reserve:		
Commercial paper, demand notes and money market funds	\$ 236,178	\$ 236,900
Equity securities	1,020,160	1,343,800
Fixed income securities	592,277	627,300
	1,848,615	2,208,000
Other:		
Unrestricted:		
Real estate held for sale	88,496	88,500
Restricted:		
Equity securities	37,938	73,000
Fixed income securities	25,000	25,500
	62,938	98,500
Total investments	\$2,000,049	\$2,395,000

3. Notes Receivable From Affiliates

Included in notes and accounts receivable from affiliates at August 31, 1986 is \$1,122,090 of notes receivable, representing primarily past due membership fees. In accordance with Board policy, all notes executed subsequent to May, 1986 bear interest at the prime rate less one percent (6½% at August 31, 1986) on the unpaid balances. All previously executed notes bear interest at

rates from 6% to 12%, and provide for abatement of all interest with timely payment of principal installments. Amounts

due at August 31, 1986 are collectible as follows:

Fiscal Year	Interest Abated	Interest-Bearing	Total
1987	\$323,356	\$260,289	\$ 583,645
1988	148,374	128,168	276,542
1989	41,922	219,981	261,903
	\$513,652	\$608,438	\$1,122,090

Notes to Financial Statements

4. Land and Building Use Restrictions

The land and building occupied by the National Society are located in a Medical Center District, supervised by a

Medical Center Commission created by Illinois law. The building title specifies that the building be used for medical or similar purposes. If the premises are

vacant or not used for the specified purposes for one year, the title reverts to the Medical Center Commission.

5. Guarantee

At August 31, 1986, the National Society has guaranteed \$48,000 of a bank obligation of one state society.

6. National Telethon Production

The National Society produces an annual telethon. Contributions generated by the telethon accrue to the affiliates based upon the geographical source of the gift and whether or not the affiliate participated in the telethon. The National Society receives reimbursements of production costs from participating affiliates and underwriting gifts from corporate sponsors of the National telethon.

The production costs and related reimbursements and sponsorships for

the 1986 National telethon were as follows:

Reimbursements from participating affiliates	\$ 939,105
Corporate sponsorships	1,492,639
	2,431,744
Less National telethon production costs	2,170,000
Excess of reimbursements and sponsorships over National telethon production costs	\$ 261,744

7. Pension Plan

The National Society has a non-contributory pension plan covering substantially all of its employees. Accumulated plan benefit information, as estimated by consulting actuaries, and plan net assets for the National Society as of August 31, 1985, the most current valuation, are as follows:

Actuarial present value of accumulated plan benefits:	
Vested	\$1,992,952
Nonvested	30,705
	\$2,023,657
Net assets available for benefits	\$4,180,368

The weighted average assumed rate of return in determining the actuarial present value of accumulated plan benefits was 8%.

The National Society's policy is to fund pension costs accrued. Due to the changes in actuarial assumptions, including mortality, rate of return and salary increases effective for the plan year ended August 31, 1984, no pension expense was accrued during 1986.

8. 1985 Totals

The 1985 totals are presented for supplemental information purposes

and omit significant detailed information. Reference should be made to the

complete financial statements for the year ended August 31, 1985.

Accountants' Report

To the Board of Directors
National Easter Seal Society,
Incorporated

We have examined the balance sheet of National Easter Seal Society, Incorporated as of August 31, 1986, and the related statements of public support, revenue and expenses and changes in fund balances and functional expenses

for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above (pages 25-30) present fairly the financial position of National Easter Seal Society, Incorporated at August 31, 1986 and the results of its operations and changes in its fund balances for the year then

ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Chicago, Illinois
October 24, 1986

Easter Seal Society Governance

Easter Seals' primary governing body is its National Board of Directors. The Board meets five times a year to set policy for the National Society.

Affiliates are incorporated and licensed by the National Society. All affiliates must conform to programmatic, financial, and performance standards established by the National Society in conjunction with its Board of Directors. Each incorporated affiliate has its own board of directors.

Easter Seals' grassroots governing body is its House of Delegates. It is comprised of nearly 150 members who directly represent all licensed Easter Seal affiliates. The House of Delegates meets once a year at the National Society's Annual Meeting, at which time it elects the members of the National Board of Directors.

Members of both the Board of Directors and the House of Delegates serve voluntarily and without compensation.

National Easter Seal Society Board of Directors

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Mrs. J. Thomas Kershaw, Jr.
Wakefield, Rhode Island

First Vice President

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Largo, Florida

Second Vice President

Roger G. Anderson
Cincinnati, Ohio

Third Vice President

William F. Doescher
New York, New York

Fourth Vice President

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Austin, Texas

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Ray H. Montgomery
Canton, Mississippi

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Hugh Martin V
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Tucson, Arizona

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Rialto, California

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Immediate Past President
Mobile, Alabama

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Chairman, House of Delegates
Luverne, Iowa

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President, Easter Seal Executives
Association
Raleigh, North Carolina

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John L. Melvin, M.D.
Chairman, Easter Seal Research
Foundation
Milwaukee, Wisconsin

National Advisors

Personnel Committee
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Spencer Stuart & Associates
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Chairman

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Vice Chairman

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Cranston, Rhode Island



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